XXVII

Nikolai RYZHKOV

Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000



GUIDELINES FOR THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE USSR FOR 1986-1990 AND FOR THE PERIOD ENDING IN 2000

Report by Nikolai Ryzhkov, Chairman of the Council of Ministers of the USSR, to the 27th Congress of the CPSU

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Н. И. РЫЖКОВ
ОБ ОСНОВНЫХ НАПРАВЛЕНИЯХ ЭКОНОМИЧЕСКОГО И СОЦИАЛЬНОГО РАЗВИТИЯ СССР НА 1986—1990 ГОДЫ И НА ПЕРИОД ДО 2000 ГОДА

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**Report by Nikolai Ryzhkov,
Chairman of the Council
of Ministers of the USSR,
to the 27th Congress of the CPSU**

March 3, 1986

Comrade Delegates,
Esteemed Guests,

For almost seven decades the Communist Party of the Soviet Union has been confidently leading the country along the road mapped out by the great Lenin. The 27th Congress of the CPSU will hold a special place in the heroic history of the Party and the people. Its task is to define the strategy of our Motherland's progress for an extremely important stage of communist construction and initiate a fundamental restructuring of all aspects of the life of Soviet society.

A detailed picture of the Party's and people's creative work has been given in the Political Report of the CPSU Central Committee to the 27th Congress by the General Secretary of the CPSU Central Committee Mikhail Gorbachev. Constructively, from the positions of the firm principles of Marxism-Leninism, it has profoundly substantiated the concept of accelerated socio-economic development, re-examined the entire range of problems related to the life of the Party, the state, and society. The Report has innovatively defined the strategy and tactics for the com-

prehensive perfection of socialism, and the domestic and foreign policies of the CPSU and the Soviet Government. On the basis of a deep class analysis it shows the correlation of forces in the modern world and the main trends and contradictions of its development and demonstrates the growing potential of the world socialist system. It has forcefully enunciated our stand on a question that worries humanity—the question of war and peace, of averting the nuclear threat.

The depth of the ideological content, creative thinking, and uncompromising attitude in assessing the causes of the shortcomings and difficulties that have piled up, and the realism and courage in formulating new tasks are grounds for regarding the Political Report of the CPSU Central Committee as a document of immense historic significance.

The moral and political climate that has taken shape under the impact of the CPSU Central Committee Plenary Meeting of April 1985, and the unwavering belief in the correctness of the course steered by the Party which permeates the Political Report have determined the whole atmosphere of the work of this Congress. It is proceeding in a businesslike manner, constructively, in an exacting spirit, and with a sense of the Party's high responsibility to the Soviet people. The discussion of the Political Report of the CPSU Central Committee and the new edition of the Party Programme convincingly demonstrates the monolithic unity of the Party ranks, the unity of thought, and the unity of action of the Soviet Communists, in fact of all the Soviet people.

The draft Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000 is an important political and economic document submitted by the Party Central Committee for consideration by the Congress. Its pivot is the concept of acceleration advanced by the April Plenary Meeting of the CPSU Central Committee. The draft specifies the programme tasks and aims that will have to be attained before the end of the present century, and defines the principal directions for a qualitative transformation of the productive forces and of society's social development.

The draft Guidelines are entirely consonant with the vital

interests of Soviet people, with their hopes for the future. This was shown with the utmost clarity by the truly countrywide discussion of the draft in which approximately 110 million citizens took part.

The entire discussion has further demonstrated the heightened political maturity of the working people, and the deep commitment of all strata of our society to reinforcing the might of the socialist Motherland.

The draft Guidelines have aroused considerable interest abroad. There are, of course, dissimilarities in the attitude to it. Our class adversaries and foes are endeavouring to misrepresent the significance and aims of the outlined plans. But of course they cannot but acknowledge their scale and boldness. Our friends, in the fraternal socialist countries above all, see this document as graphic proof of the new social system's advantages, of its ability to solve the basic socio-economic problems of the day. With this they link the strengthening of our community and the consolidation of the positions of socialism, of all the progressive forces, and of the cause of peace in the world.

I. ECONOMIC AND SOCIAL DEVELOPMENT OF THE USSR DURING THE 11TH FIVE-YEAR PLAN PERIOD: RESULTS AND CONCLUSIONS

Comrades,

The Communist Party, which is steadfastly abiding by the Leninist traditions, combines, as it has always done, a broad view of the perspective with a realistic assessment of the state of the economy and potentialities for its further growth, with an objective analysis of the progress that has been made.

The draft Guidelines sum up the advances that have been made in the past five years. These give full grounds for drawing the conclusion that by their work the Soviet people have made a considerable contribution to advancing the country's economic might. This was the basis for the rise of the people's welfare and for the keeping of our country's defence capability at the proper level.

However, as you all know, work on the tasks charted by the 26th Congress proceeded in a situation that was not simple, while at the early stage, it may be said, the situation was extremely complex. The unfavourable tendencies that had appeared in the economic development in the 1970s grew sharper in the early 1980s rather than slackened. And this had an adverse effect on the fulfilment of the 11th five-year plan. The slowdown of the growth rates continued during the first two years. The qualitative indicators of economic management lowered.

In 1982 the growth of industrial output was 1.5 times below the average of the 10th five-year plan. This mounting of difficulties could not but influence the solution of important problems in the social sphere as well. For instance, in the

second year of that five-year period the rise of the population's real incomes came virtually to a halt.

This was due to a number of factors. As for the fundamental causes of the shortcomings, they consist in the following: in practical work timely account was not taken of the changed economic situation mainly due to the exhaustion of the potentialities for extensive growth, and no proper perseverance was displayed in using the achievements of scientific and technological progress, and in restructuring the economy and its management system in accordance with the imperatives of the day. Besides, both in the centre and in the localities many leaders continued to apply outdated methods and proved unprepared for work in the new conditions. Discipline and order deteriorated impermissibly. There was a lowering of exactingness and responsibility. The vicious practice of the downward revision of plans became widespread. During these years there was a departure from the immutable principle of the socialist economy, for which the fulfilment of the plan is the law and norm of economic life. These phenomena were not given a principled political assessment and no practical conclusions were drawn.

After critically analysing the situation, the Party took steps to reinforce the management of economic development, chiefly in improving organisation and labour discipline. These steps were supported by the whole people and gave a certain impulse to our progress. As a result, from 1983, positive changes were noticeable, and this somewhat improved the situation with the fulfilment of the 11th five-year plan.

	Total for 1981-1985, billion roubles	Absolute growth for 1981-1985 as against 1976-1980, billion roubles	Growth of total volume in 1981-1985 as against 1976-1980, per cent
National income, share used for consumption and accumulation	2,398	353	117
Industrial output	3,778	628	120

	Total for 1981-1985, billion roubles	Absolute growth for 1981-1985 as against 1976-1980, billion roubles	Growth of total volume in 1981-1985 as against 1976-1980, per cent
Agricultural output (in 1983 prices)	1,010	53	106
Freight turnover of all modes of transport (trillion ton-kilometres)	37.1	5.7	118
Installed basic assets	815	147	122
Capital investment	842	125	117
Retail trade turnover	1,466	226	118

During the five-year plan period the national income rose 17 per cent and industrial output 20 per cent. The gas industry grew rapidly. In the volume of gas output the country now holds first place in the world. The output of electric energy from nuclear power stations more than doubled. The output of individual products of the engineering industry grew at priority rates. Some changes took place also in the building industry. Major steps were taken to carry out the Food Programme and this increased the volume of agricultural output. In the latter half of the five-year period there were signs that the efficiency indicators of social production were improving.

It should be stressed that despite all the difficulties, the Party made the maximum effort to achieve the plan targets for the growth of the living standard advanced by the 26th Congress. There was a rise in the average monthly pay of factory and office workers and in the remuneration of collective farmers, and the social consumption funds were increased.

	Guidelines targets approved by the 26th Congress	Actual fulfilment
Average monthly wages of factory and office workers, 1985 in per cent of 1980	113-116	113

	Guidelines targets approved by the 26th Congress	Actual fulfilment
Average monthly payment for the work of collective farmers, 1985 in per cent of 1980	120-122	129
Social consumption funds, 1985 in per cent of 1980	120	125
Housing completed in 1981-1985, million square metres overall	530-540	552
Pre-school facilities completed in 1981-1985, million places	2.5	2.9
Completed general schools in 1981-1985, million places	4.3	5.2
Hospital beds, 1985 in per cent of 1980,	108-110	108.7
Specialists trained by institutions of higher learning and specialised secondary schools in 1981-1985, million	10	10.5

There was an improvement in pension schemes, in the system of health care, and a marked growth of state aid to families with children. Considerable funds were allocated for education and a school reform. As in previous five-year periods housing construction proceeded on a large scale. Over 10 million flats were turned over for tenancy. In conformity with directives from the Party, the process of the social restructuring of the countryside and the levelling up of the living standards of rural and urban dwellers continued.

Quite a lot was thus done during the five-year period. But we must give an objective assessment of its results and in a committed, Party spirit bring to light serious shortcomings that slow down our progress in order to draw the necessary conclusions for the future.

It must be stated frankly that the assignments of the five-year plan were not fully fulfilled. Many industries were unable to reach the planned targets. As a whole, during the five-year period there was an output shortfall of 35 million tons of finished rolled stock, 145 million tons of coal, over 50 million tons of oil, and consumer goods worth 16 billion roubles. The

design, technical level, and quality of machines and equipment did not in all cases meet the requirements of the national economy. There was a systematic lag in the chemical and in the timber and woodworking industries. The principal general construction ministries failed to cope with their plans year after year. We did not receive the expected returns from the large resources invested in agriculture. The assignments for raising efficiency were regularly underfulfilled and scientific and technological progress was retarded.

All this affected the end results and proportions of economic development and incurred the loss of billions of roubles in the national income. One result of this was the nonfulfilment of a number of assignments for promoting the standard of living, including real incomes and the retail trade turnover. Complications arose in the state of finances and of money circulation.

The burden of the shortcomings that had been piling up over a long period was so great that it proved impossible to eliminate it within a short span of time. The individual steps that were taken could not halt the negative tendencies in the economy, direct the economy onto the path of stable and dynamic growth. This called for radical changes, a profound restructuring, and the Party was looking perseveringly for cardinal solutions of the problems confronting the country. It was precisely on this restructuring that the Communists and the Soviet people were orientated by the April 1985 Plenary Meeting of the CPSU Central Committee, which marked a turning point in the life of our society. It is this restructuring that meets pressing requirements and the Party's line for accelerating socio-economic development.

Our national economy has all the prerequisites for this: a powerful production, scientific, technological, and intellectual potential, skilled personnel, and natural resources. The main thing now is to use the advantages and growing possibilities of the planned socialist system and steadfastly implement the CPSU's economic strategy.

II. ACCELERATION OF THE COUNTRY'S SOCIAL AND ECONOMIC DEVELOPMENT—A STRATEGIC TASK FOR THE PERIOD ENDING IN 2000

Comrades,

In the draft Guidelines the Party's course towards accelerating the country's socio-economic development for the period ending in 2000, taking Soviet society to a qualitatively new level, profoundly transforming its productive forces, and improving the relations of production is materialised in concrete assignments and figures.

The choice of a 15-year period was made, in the first place, on account of the increased magnitude and complexity of the tasks confronting the country, tasks that require more than one or two five-year periods to be carried out. Moreover, this is the optimal period in which the major breakthroughs of the present stage of the scientific and technological revolution, considering the forecasts for its development, can be used to their full extent.

Underlying the draft Guidelines is a scientific analysis of the ways and means of resolving major problems and carrying out comprehensive special-purpose programmes that will, in the main, embrace the period up to the year 2000: the Food and Energy programmes, the promotion of the engineering industry and the chemicalisation of the national economy, the development of the production of consumer goods and of the services industry. A 15-year period is thus realistically foreseeable and rests on a carefully tested foundation.

The economic targets that must be attained by the close of the twentieth century are defined entirely in keeping with the provisions of the new edition of the CPSU Programme. It is

planned to double the national income and industrial output. There will be a substantial increase and radical transformation of the country's production apparatus. As a result, the economic potential that will be created in the course of 15 years will approximately equal that what has been built throughout all the preceding years of Soviet power, and a long stride forward will be taken in furthering the material and technical basis of communism.

Under socialism the principal purpose of social production is to maintain a continuous rise in the people's living standard and cultural level. At the present stage the Communist Party sets the task of placing the people's well-being on a higher, qualitatively new level.

Priority significance is attached to the solution of social problems in the sphere of labour, which is the main sphere of human activity. A prime task here is to reduce arduous and monotonous work. The share of manual work will fall by more than a half. This will allow releasing over 20 million people from unskilled work and make their labour meaningful and satisfying.

Provision is being made for radically resolving within the next 15 years pressing problems of material well-being and intellectual development, which are of particularly vital importance to all strata of society. In the first place, this means meeting in full the growing effective demand for high-quality and diverse goods and services, and reaching the rational norms of food intake recommended by science. A task of great social significance, that of providing practically every Soviet family with separate housing—flats or cottages—has to be carried out by the year 2000. This will require the utmost mobilisation of strength and funds, and continuous concern for this vital issue both at the centre and locally.

The system of education, personnel training, and medical services are to be improved radically, and the material facilities for culture, recreation, and sport, for the entire social sphere, are to be expanded considerably.

Of course, these targets of social production and the standard of living can be attained within the set time-limits only through a visible enhancement of the efficiency and speed of our advance.

Growth rates have always been and remain a central question in the Party's economic policy. Today, in the light of the concept of accelerating the country's socio-economic development this acquires a fundamental significance and a new content.

First, provision is made for giving the national income a more dynamic character. Its increment rate is to rise from an annual average of 3.1 per cent in the past five-year period to 5 per cent in the 14th five-year period. The negative tendency towards a slowdown of growth rates during the past three five-year periods will thereby be halted. The increment of the national income in absolute terms is to be even larger. As a result the national income to be produced in that period will total roughly 12 trillion roubles, which is more than the total for all the preceding years of Soviet power. This rise of the growth rates of the national income and of its increments in absolute terms is vital in order to carry out large-scale economic and social tasks simultaneously. Moreover, this is necessary for keeping the country's defence capability at the proper level.

Second, in the process of acceleration a more balanced structure of production is to be formed that will meet more comprehensively the growing and changing social requirements. This means that every percentage point of growth and every rouble must signify qualitatively new and effective products with high consumer properties, products needed by the national economy and the population. In this lies the immutable imperative of the present economic growth strategy.

Third and, I would say, it is most important that higher growth rates must be achieved on a fundamentally new basis, on the basis of comprehensive and consistent intensification. Setting this task, the Party indicates the principal means for carrying it out—a cardinal acceleration of scientific and technological progress and the attainment of the highest levels by science and technology. This is the catalyst of our progress, the operation of which will mount from one five-year plan period to another.

The Party approaches the intensification question comprehensively and broadly. Our economy has reached a level at which it can develop rapidly not through a steady growth of

resources, as was formerly the case, but through comprehensive intensification of production, through intensification in all spheres. It is planned not only to boost labour productivity but also to reduce the material input per unit of production and the output-to-asset ratio, to transfer not only individual industries but the whole national economy onto the lines of intensification. This is the only sure way of accelerating economic and social development.

Raising the productivity of social labour is, in the long run, the trunk direction for solving socialism's basic problems. The decisive step in carrying out the programme task bequeathed to us by Lenin, namely, to reach the highest world level, will be taken within the next 15 years. The Guidelines provide for increasing labour productivity in the entire national economy 2.3-2.5-fold by the year 2000. As a result, the Soviet economy will enter upon a qualitatively new road of development: the growth of production will for the first time be ensured in parallel with a reduction of the need for manpower resources, and greater possibilities than ever before will be opened thereby for the solution of many social problems. All this will allow the pattern for distributing manpower resources to be formed more rationally to suit the more dynamic character of the national economy and, at the same time, will ensure full and effective employment. All that stems from the character and essence of the socialist social system.

The document we are considering contains a fundamentally new approach to meeting the economy's need for material resources. Whereas in preceding years this need was covered mainly by increasing production, now the long term task is to obtain 75-80 per cent of the growth rate of the needed fuel, energy, raw materials, metal, and other materials by economising these materials. The following example gives an idea of how effective this line is for the national economy. If the character of economic growth were to remain unchanged, by the end of the century we would need roughly 50 million tons more rolled stock than is currently planned. Realisation of the course towards saving resources will allow for a marked decrease of power-intensity and material input per unit of production.

The intensive growth and technical improvement of the production apparatus make particularly high demands of the

output-to-asset ratio. Regrettably, the negative trend towards the decrease of this ratio has still not been overcome. In the coming 15 years it is planned to secure a breakthrough in the dynamics of this indicator as well: at the first stage—in the first half of the 1990s—to stabilise the output-to-asset ratio, and then ensure its growth.

New retooling of the national economy on the basis of the achievements of the scientific and technological revolution is a task of truly historic significance. Only in this case will comprehensive intensification rest on a solid foundation. This means rapid renewal and a qualitative improvement of the country's material and technical basis. It is very important that its high level is steadfastly maintained and that it conforms to world achievements. This process must embrace all industries. Every ministry and every industrial facility must have a concrete programme ensuring the steady renewal of productive assets and must carry it out perseveringly. This is vital for the solution not only of economic but also important social problems.

Such are the aims and main tasks for the development of the economy and the promotion of the people's living standard that the Party is setting for the long term. They are indeed impressive. Their fulfilment will significantly move the country along the road of social progress and considerably reinforce its economic positions in the world, enhancing the appeal of socialism. To carry out what has been planned will mean mobilising all our efforts and potentialities, bringing into operation the factors assisting the growth of socialist production, and promoting its efficiency.

And the main thing here is to secure the all-out vitalisation of the human factor. It is only by working and working effectively that we can carry out our plans and make them accomplished deeds. That is why the crucial political task is for every working person to take the programme objectives of the Party close to heart, to see them as his vital cause working in his interests and those of all society. That is the dependable earnest of our country's prosperity and of new successes in building communism.

The depth and dimension of the charted readjustments will necessitate raising the management of the national economy to a new, higher level. All industries and republics

must have clear-cut orientations for the next 15 years. It
only in this way that we can clearly plan out the phases of o
growth and ensure the continuity of aims and tact
of economic management in the period up to the clo
of the present century, and define the place and role
every five-year plan in implementing the Party's econom
strategy.

III. 12TH FIVE-YEAR PLAN PERIOD—A CRUCIAL STAGE IN THE REALISATION OF THE PARTY'S ECONOMIC STRATEGY

The 12th five-year plan is a primary and extremely important stage in the practical implementation of the Party's long-term economic strategy. During these years there must be a marked growth of our economy and it must be taken to a higher trajectory of development, the trajectory of acceleration.

The main task of the five-year plan has been defined from these positions. It consists in enhancing the growth rates and efficiency of economic development through accelerated scientific and technological progress, the retooling and technical reconstruction of industry, the intensive utilisation of the existing production potential, an improvement of the economic management system, of the economic mechanism, and the attainment, on this basis, of a further rise in the Soviet people's living standard.

Permit me to report to you, comrade delegates, that the indicators for the growth and efficiency of social production envisaged in the draft Guidelines fully ensure the attainment of the main aim of the 12th five-year plan.

The dynamic character of the national economy is strikingly and convincingly reflected in the growing absolute increments of key economic indicators. The increment in the national income will increase 60 per cent in 1986-1990. It must be noted that there was a fall in this indicator during the past five years.

	Increment in absolute terms, billion roubles		Average annual growth rate, per cent	
	1985 against 1980	1990 against 1985 envisaged in the draft Guidelines	11th five-year plan	12th five-year plan envisaged in the draft Guidelines
National income used for consumption and accumulation	71	96-111	3.1	3.5-4.0
Industrial output	135	169-194	3.7	3.9-4.4
of which means of production (group A)	99	123-142	3.6	3.7-4.2
consumer goods (group B)	36	46-52	3.9	4.1-4.6
Agricultural output (average annual output growth against the preceding five-year plan, in prices for 1983)	11	28-32	1.1	2.7-3.0
Retail trade turnover	46	59-73	3.1	3.4-4.0
Volume of paid services to the population	9.8	13.7-18.2	5.0	5.4-7.0

As a result, in 1990 the national income will reach 61 billion roubles and the volume of industrial output will rise t one trillion roubles. These are the rates and dimensions th will characterise our economy by the beginning of the la decade of the twentieth century.

The 12th five-year plan will have yet another hallmark. I purpose is to lay the foundation for the rise in the growth ra of the country's socio-economic development in the su sequent ten years. When determining economic proportions was mandatory to pay special attention to investment polic During the preceding three five-year plan periods there was steady and substantial fall in the growth rates of capit investments, and which could not but retard the renewal fixed assets, the expansion of capacities and, in the fin count, the economic development as a whole.

Proceeding from the course for acceleration, the CPS

Central Committee saw the expediency of increasing the growth rate of investments in production under the 12th five-year plan up to 25 per cent as against 16 per cent in the past five years. Naturally, this means certain changes in the pattern of the distribution of the national income such as increasing the share of the accumulation fund. This manoeuvre is necessary in order to attain both current and long-term aims. The share of accumulation will subsequently be stabilised and even somewhat reduced.

This manoeuvre, it must be emphasised, will be carried out under conditions of enhanced efficiency of social production, which will allow a significant increase in the absolute size of the consumption fund determining the Soviet people's standard of living. I will give you some statistics. The increment in the consumption fund during the 12th five-year plan period will amount to 74 billion roubles compared with 55 billion roubles during the past five years. The real incomes of the population will grow faster. This character of development is entirely in keeping with the Party's long-term course for the intensification of the social orientation of our plans.

During the 12th five-year plan period a decisive step is to be made in carrying out an urgent economic and political task, that of the national economy's transition to intensive development. The growth of end results will take place in conditions of substantial reductions in the increments of basic resources and simultaneous improvements in the qualitative indicators of work.

	Increment for five years (per cent)		Growth (+), fall (−) of increment rates
	1981-1985	1986-1990 as envisaged in draft Guidelines	
I. Results of Production			
National income share used for consumption and accumulation	17	19-22	+2 to 5
Industrial output	20	21-24	+1 to 4
Agricultural output (average annual)	6	14-16	+8 to 10

	Increment for five years (per cent)		Growth (+), fall (−) of increment rates
	1981-1985	1986-1990 as envisaged in draft Guidelines	
II. Basic Resources			
Number of people employed in material production	2.3	0.5	−1.8
Fixed production assets	37	30	−7
Production of instruments of labour	17	15	−2

The Guidelines envisage increasing the productivity o social labour 20-23 per cent as against 16.5 per cent in th past five-year plan period. For the first time ever it is planne to obtain practically the entire increment in the nationa income and in the output of industry and other branches o material production through higher labour productivity. Thi is one of the fundamental features of the new five-year plan The growth rate of manpower resources during these year will fall and amount to only 3,200,000 persons. Without th planned growth of labour productivity the national econom would require an additional workforce of more than 2 million. We simply do not have such manpower resources. I the 12th five-year plan period it seems possible not only to g by with the existing increment but direct almost all of it int education, health care, and other social and cultural sphere whereas in the past five-year period the increment in man power resources was distributed about equally between pr duction and non-production spheres.

In conformity with the course worked out by the Party is planned to substantially accelerate the fulfilment of important task such as making the economy the main sour for satisfying the additional requirements in fuel and in ra and other materials. It is planned that this source will in t next five years cover 60-65 per cent of the growth of t demand for basic resources. As a result, in 1990 the saving material resources will double in the national economy as

whole. Resource-saving on this scale is unprecedented in our country. It reflects the objective needs of the present stage of our development.

The ways of resolving the resource-saving problem are diverse. First of all, this means broad use of the latest equipment and technology, of up-to-date forms of organisation, and an effective economic mechanism. And, certainly, such material conditions and such a moral and ethical climate in every work collective in which all working people, all Soviet people, will become the motivated and active participants in this major undertaking.

Another important direction is the maximum utilisation of recycled resources. Their share in industrial consumption is still not large enough, although a great deal of positive experience has been accumulated in some republics. In this the Ukrainian SSR is a good example. There are tangible achievements in this sphere also in fraternal socialist countries. In the future it is planned to substantially increase the share of recycled raw materials to an average of at least 10-12 per cent. The heads of ministries and leaders of Union republics must fundamentally change their attitude to this matter. Often, speaking figuratively, they sit on huge wealth and, at the same time, complain of having a shortage of raw materials. Moreover, one should also be mindful of the huge damage that is being done to the environment. The utilisation of recycled resources must be approached by the State Planning Committee of the USSR and the State Supplies Committee of the USSR from principled, state positions.

Among the major tasks involved in raising efficiency, that of the quality of output and of work is the most acute and urgent. This is not only an economic but also a political problem. Within a short span of time we have advanced to the front-rank positions in the world in the output of many products. We now can and are obliged to resolve the problem of quality with undiminished perseverance. The national economy has reached a point where not a single important production or social problem can be solved without a radical improvement of the state of affairs as regards output quality.

The improvement of the quality of output is, in the final analysis, also a question of its quantity, of saving resources, and of more fully satisfying society's needs. I'll give just one example. It is well known how acute the question of tyres is in

the country. This is known also by the Ministry of the Petrochemical Industry. The most rational way of resolving this problem is to increase the life-span of tyres. To raise this indicator by 10 per cent would be tantamount to producing six million tyres annually. This is practically the amount we need today to meet the demands of the national economy and of the population. Many such examples can be given.

The draft Guidelines envisage an approximate doubling of the proportion of top-quality industrial products in the next five years. At the same time, it is necessary to substantially enhance the role and objectivity of certification. A pressing issue of today is the effective utilisation of the economic mechanism that imposes material and moral penalties on enterprises which manufacture low-quality products. Conversely, work collectives that produce up-to-date high-quality products, and we have quite a few of such collectives, should be encouraged, and the encouragement should be generous. Important decisions have now been adopted: substantial pay hikes and rigid sanctions have been introduced. Enterprises and associations should rapidly restructure their work so that the new demands on quality do not catch anybody unawares.

The improvement of quality is a nation-wide task and it can only be carried out by the combined efforts of managerial bodies at all levels, all enterprises, and all working people relying on the achievements of modern science and technology and on the initiative and creativity of the masses. Every factor must be brought into play: economic, administrative, and educational. Nor can half-measures be tolerated in this matter. What is needed is the utmost mobilisation of forces, perseverance, and consistency in fulfilling the adopted decisions. This is how the question of quality is put in the letter of the CPSU Central Committee to all the working people. And this is the way it must be resolved.

Comrades, the draft Guidelines have set highly important and high pressure assignments for the growth of output and for the improvement of the people's well-being. During these years it is envisaged to provide the Soviet Armed Forces with everything they need to defend our Motherland. The 12th five-year plan, which gives the start to the Party's long-term strategy, must become a turning point for our economy in all respects—from the point of view of growth rates and that of

efficiency. It must become a turning point, too, in the way of organising the fulfilment of the five-year plan.

Conclusions must be drawn from the lessons of the past, when the focus in the fulfilment of five-year plans was shifted to the closing years of the five-year period. A directive of the Central Committee of the CPSU envisages, already in 1986, the first year of the current five-year plan, such rates for the development of the national economy that would allow a more even distribution of the assignments of the five-year plan, thereby providing real conditions for its fulfilment. All this requires high pressure work from the very start of the five-year period and sets the necessary rhythm for the subsequent years.

No time should be lost in mobilising available organisational and social resources, and key, long-term factors of acceleration, and scientific and technological progress in the first place, should be set in motion. It is only by linking up all these areas of work that we shall carry out our plans and achieve the set social targets.

IV. LINES OF ECONOMIC INTENSIFICATION IN THE 12TH FIVE-YEAR PLAN PERIOD

1. Acceleration of Scientific and Technological Progress: Main Lever of Intensification

The Party's policy of all-round intensification rests on the enormous potential of the current stage of the scientific and technological revolution. Lenin's words that "in order to build communism we must take technology and science and make them available to wider circles," are now more relevant than ever before. Today, putting science and technology into action means accelerating scientific and technological progress in the top priority fields, ensuring rapid and large-scale application of everything that is progressive, and transforming the productive forces qualitatively. It also means joint development and effective utilization of scientific and technical achievements by the socialist community countries and active participation in the world-wide division of labour.

Our country has always paid special attention to the advancement of science and technology. In a brief span of time we have built up a powerful scientific potential which has enabled us, at each stage, to successfully carry out major economic and defence tasks. It is no secret, however, that although we possess noteworthy research and development results and advanced ideas we often lag behind in the introduction of progressive technologies, including even some that were developed in our country. This situation can only be explained by miscalculations made by ministries in their technological policy, and, at times, by their unwillingness to look ahead.

On the basis of an in-depth analysis the Plenary Meeting of the Central Committee of the CPSU in April 1985 and the

June 1985 Conference of the Party's Central Committee seriously posed the question of energetically eliminating barriers in the way of scientific and technological progress, and of ensuring cardinal, revolutionary changes all along the line. The strategy which the Party has worked out for accelerating scientific and technological progress consists, first, in concentrating the available resources on the key avenues while advancing science and technology in all spheres. Second, in providing scope for the large-scale application of reliable technological innovations tested in practice, from which it is possible to obtain the maximum returns before they become morally obsolete. Third, in quickly and purposefully carrying out research and development that will lead to the development and introduction of fundamentally new equipment and production methods ensuring a manifold increase in productivity. The solution of these problems will be put on a practical footing in the 12th five-year plan period.

Broad development of advanced technologies is one of the most important lines of scientific and technological progress. Only by taking this road will it be possible to bring about changes raising to a qualitatively new level not only individual lines of production but also entire industries. In the 12th five-year plan period we intend to extend the use of progressive technologies basic to each industry by 50 to 100 per cent. Fundamentally new production methods, for instance, membrane, laser, plasma, superhigh pressures, pulse loads, etc., will hold a notable place. The scale on which these methods are applied will be increased several times over, and that will undoubtedly yield a big economic effect.

Another avenue is automation and mechanisation of production that will radically transform work places and make the job of workers, collective farmers and the intelligentsia more productive, creative and attractive. That is one of the principal social objectives that the Party has set itself. The level of automation in the national economy will double on the average. About 5,000 automated control systems are to be introduced in industry.

The present-day stage in automation is based on the revolution in computer technology, in computerisation of the national economy. New generations of computers of all classes, from supercomputers to personal computers for school instruction, are to be designed and introduced in the

coming five years. Total output of computers is to go up by 2.3 times in the five years. We are setting the target of large-scale computerisation of the machinery and equipment produced for all industries. The future belongs to this technology.

A characteristic feature of automation in the 12th five year plan period is rapid expansion of robotics, rotor lines and rotor conveyers, and flexible automated production lines, which ensure high productivity. For example, the number of industrial robots is to be trebled during these five years.

As we see, the scale is sizable. A fundamentally new approach is necessary to the application of this advanced and, it must be said, costly equipment. Yet at present it is being used extremely inefficiently by many ministries. Thus, according to data released by the USSR Committee of People's Control, at the plants of the Ministry of the Electrical Engineering Industry highly productive machining centres are not operating at full load, and some simply stand idle. At many enterprises of the Ministry of Agricultural Machinery and the Ministry of Power Engineering, digital control machine-tools are being used less than one shift per day. That style of work discredits the potentialities of the latest technology and does great damage to the economy. This situation must be remedied immediately.

It is intended to substantially reduce materials consumption in social production through the large-scale application of economical types of metal products, plastics, and other progressive materials. In the course of the five years the output is to increase by more than 30 per cent, as compared to an increase of only 6 per cent in the production of traditional materials. The application of fundamentally new construction materials which have been developed by our scientists and which are greatly superior in quality to those now being used opens up tremendous prospects. That refers, in particular, to composite materials. Their manufacture is to increase by 10-12 times in the 12th five-year plan period.

The scale of introducing new machinery and technology outlined for the five-year period as a whole will ensure a more than 65 per cent growth in the productivity of social labour and will reduce production costs in industry by 28 billion roubles.

Rapid progress in science and technology calls for a continuous and growing renewal of scientific ideas and developments. The decisive role here is played by fundamental research, by the Academy of Sciences of the USSR, which has splendid traditions and outstanding achievements. College and university research can also do a good deal. However, its discoveries will benefit the national economy only if they are taken up and applied in good time, that is, if all levels of the science-production cycle function smoothly and rhythmically.

Sectoral science economy is a highly important element of this chain. It possesses a ramified network of research institutes and design bureaus having a large number of researchers, and good results are obtained wherever they are competently used. That is not the case everywhere, however. All too often, sectoral organisations have been marking time, producing no tangible results. At times their efforts are subordinated to upholding narrow departmental interests, they lack a creative spirit and are distinguished by petty projects and by fragmentation of resources and personnel. Although they are aware of this, the heads of many ministries take an inert, irresponsible attitude to making use of the enormous scientific and technological potential. On the other hand, they display enviable activity in purchasing abroad machinery and technologies which they themselves could have successfully developed. This harmful practice must be subjected to severe and principled Party criticism.

The unbridled chase for imported technology and production techniques on the part of many a manager has a corrupting effect on designers. Seeing how easily equipment can be bought abroad, their ardour tends to dampen, they lose their zeal and bow to difficulties. Far be it from us to renounce using the results of the international division of labour and exchange of scientific and technical knowledge, but we must first and foremost rely on our own enormous scientific potential. In the new five-year plan period we must energetically reorganise sectoral scientific research, bring it as close to production as possible, improve its material base, especially pilot plant and experimental facilities, and supply it with up-to-date instruments and research equipment. It must bear full responsibility for the scientific and technological level of its industry. That should be the main criterion in assessing its performance.

Special attention must be paid to scientific research at factory level. It stands closest of all to production, interlocks with it, and, as experience shows, significantly reduces the time needed to develop and produce new machinery. The Elektrosila, Uralmash, Ivanovo machine-tool production association, and other associations largely owe their fame to factory scientists, designers, and technologists. This sphere of research should be expanded at the fastest rates, and sectoral research institutes should be boldly integrated with it. We must speed up the organising of research-and-production associations to accelerate scientific and technological progress. This process has already begun in the engineering industry and must be actively taken up in other industries.

On the basis of the experience of leading research organisations inter-sectoral scientific and technical complexes have been arising lately. They straddle the main avenues of scientific and technological progress and are a new effective way of combining research with production.

The main thing, of course, is to provide the economic, social, and organisational prerequisites for creative work by engineers, scientists, and designers. They are the ones who generate scientific ideas and developments, and it is on them, first and foremost, that the technical level of production depends. A number of major decisions have been passed to stimulate their activity, to enhance their social prestige and to provide them with more incentives.

New forms of payment are to be introduced, which have proved their worth, overcome levelling trends, and encourage work that yields a high level of creative results. There was a time when many executives insisted on introducing these forms of payment. It is therefore hard to explain the fact that today these new forms have been introduced in less than a dozen enterprises and associations. All the above shows how great is inertia in matters of scientific and technological progress and how much energetic, large-scale actions are needed.

We will have to resolutely restructure the economic mechanism in order to accelerate scientific and technological progress in every sector of the economy. But we must remember that this mechanism will yield no results by itself it the responsibility of the top managers, first of all the minis-

ters, is not heightened at the same time. They must bear full responsibility for the technical standard of production in their industries.

In tackling the new tasks related to scientific and technical policy, a good deal depends upon the USSR State Committee for Science and Technology which has not yet found its place in the process, and has failed to readjust to the needs of the times. It should concentrate on coordinating the main lines of scientific and technological progress, on carrying out direct guidance of the inter-sectoral scientific and technical complexes and on organising scientific information in the country. It also has the highly important function, new for it, of coordinating efforts to carry out the Comprehensive Programme for Scientific and Technological Progress of the CMEA Member-Countries up to the Year 2000. Finally, the entire system of management of scientific and technological progress must be radically reorganised if we want to make it an inseparable element of our plans and of our entire economic life. This refers to the practice of planning, to the financing, price formation and incentive systems and to the entire economic mechanism.

In a word, comrades, a first-priority task of the 12th five-year plan is that every engineering and managerial decision should be examined in the context of the gradually growing contribution by science and technology to production. Socialism's economic system enables us to make systematic use of the potential of the scientific and technological revolution. Unlike capitalism, where, in the final analysis, the great achievements of science and technology aggravate the social contradictions, in the hands of the socialist state they are a powerful lever for transforming society. Here socialism has a historic advantage, and must use it to the full.

2. Investment Policy and Capital Construction

An active investment policy is an effective instrument in implementing the Party's economic strategy. It is subordinated, in each particular period, to solving the main tasks confronting our country. The new feature of the investment

policy in the 12th five-year plan is its orientation on accelerating scientific and technological progress and, on this basis, qualitatively transforming the material base and structure of production.

The increase in capital investments is to be substantially greater in the current five-year plan period: by up to 170 billion roubles, as compared to 125 billion roubles in 1981-1985. Total capital investments are to reach nearly one trillion roubles.

It is not only a matter, of course, of enormous capital investments. The success of an investment policy is determined largely by how effectively the resources are used, by how their sectoral and reproduction structure is shaped, and by how the very process of capital construction is organised. All these aspects have been thoroughly elaborated during the drafting of the Guidelines.

An important feature of the 12th five-year plan is the considerable, 80 per cent, growth in capital investments in the engineering complex, the complex in which scientific and technological progress is embodied. Special emphasis is being put on developing its branches that provide for qualitative changes in the technological level of the engineering industry itself. That lays the material foundation for accelerating scientific and technological progress.

Among the key sectors, the fuel and energy complex gets special attention. Against the background of increasingly complicated extraction and transportation of fuel, capital investments in this sphere have to be increased 47 per cent to ensure reliable supplies of fuel for our country and for the other socialist community countries. Capital investment growth rates in the industries that ensure effective fuel extraction and refining methods will be approximately twice as high.

In conformity with the Food Programme a third of all capital investments is being allocated to the agro-industrial complex. Here, priority goes to the sectors that process agricultural raw materials; capital investments in them will grow 51 per cent, as compared to the overall growth of 22 per cent. This will help to eliminate the big imbalance hindering growth of the final product.

A characteristic feature of the new five-year plan is the emphasis it puts on retooling and modernising existing pro-

duction facilities. The share of capital investments for these purposes is to grow from 37 per cent in 1985 to 50 per cent in 1990. This percentage will be still greater in the sectors and regions having the most outdated production facilities.

Revision of the reproductive structure of capital investments will considerably speed production apparatus renewal, overcoming the trend towards its physical and moral obsolescence which has taken shape lately. The average annual coefficient for scrapping outdated equipment is to increase to between 5 and 6 per cent, that is, to a level ensuring the planned production efficiency of the economy. Such a scale of renewal provides the possibility of substantially reducing the outlays for major overhauls. It is clear that considerable changes will also have to be made in the depreciation policy to solve these problems.

As the economic sectors go over to the new economic mechanism, the main role in technical retooling and reconstruction will be played by the development funds of enterprises and associations earned by their respective work collectives. And that calls for a radical change in the attitude to these funds. People at the enterprises must be fully informed of the fact that the main source of their technical retooling will be the first to receive all requisite resources. A special responsibility devolves here on the central economic agencies and, of course, the ministries, which, however, are continuing to operate in the old way with regard to this issue. The matter was rightly raised in the speeches at the Congress.

The priority given to retooling and modernisation will demand a certain cutback in the number of new projects, especially in the European part of our country. New projects will be carried out only for the purpose of major structural changes, of establishing industries that have arisen in the present stage of the scientific and technological revolution, and also of developing natural riches. Our fundamental policy consists in extensive retooling plus whatever new construction is vitally necessary.

A radical reorganisation of capital construction to make it more efficient is the keystone of the investment policy. Many unresolved problems have accumulated in this sphere over the years. Construction time-limits have been grossly violated, construction projects have become more expensive and the

percentage of unfinished construction projects and stocks of uninstalled equipment has grown excessively. A completely abnormal situation has arisen in which the unsatisfactory work of building organisations, and the weakness of their industrial facilities have, in some regions, limited economic development and dealt tangible damage to the rational distribution of productive forces. The state of affairs in the building industry was doubtless affected by the general decline in discipline and responsibility witnessed in the past few years.

The problems of capital construction must be tackled without delay by using all the economic and organisational measures. A number of decisions aimed at improving the state of affairs in this industry have been adopted lately. Their strict fulfilment should yield the required results in the years immediately ahead. It is obvious, however, that the work will not end at that.

First and foremost, we must clamp down on the fragmentation of financial resources. Although we have been talking about this a long time, more than 300,000 large and small construction projects are underway throughout the country. That is an impermissible number, even taking our enormous size into account. The Central Committee of the CPSU has obliged us to normalise the situation. Beginning from 1987 we intend to go over to strict observance of standard time-limits in planning and carrying out construction work.

That is not a simple matter. Some might find it highly painful. We do not exclude the possibility that a number of projects not of primary importance will have to be shelved, and the manpower and funds reallocated. But we must take this step.

The front of construction work must be narrowed. In that case alone will we be able to really reduce building schedules by at least a half. Already today all the ministries and departments and the constituent republics must make thorough preparations for this work.

Implementation of the five-year investment programme calls for a higher level of industrialisation in capital construction. It must be put on a fundamentally new material and technical foundation. The old foundation, laid in the late fifties and early sixties, has largely exhausted its possibilities.

The new foundation should rest on the latest achievements of science and technology at home and abroad and should contribute to the establishment of an integrated industrial-construction process. The draft Guidelines provide for an increase in the number of projects built of prefabricated elements and in the delivery of mechanisms; the use of aluminium, plastics, and new materials is to increase 50 to 100 per cent. All this will substantially improve construction organisation, and raise labour productivity and construction standards while simultaneously reducing building costs. But a great deal still has to be done, and we shall return more than once to the question of industrialising capital construction.

It is equally important to radically improve designing in the building industry. This is mostly a matter for the designers themselves, of course. The technical level of production, the more efficient use of capital investments and the intensification of construction depend to a large extent on them. They must be the catalysts of scientific and technological progress in all sectors of the economy.

We have splendid examples of new and modernised enterprises designed and built according to the latest word in technology. On the other hand, patently backward technical solutions as well as errors in project cost estimation often occur. In the four years of the last five-year plan period the cost of construction projects went up by 11 billion roubles, or by 24 per cent of the initial estimates. Moreover, the technical and economic indices of half of the projects deteriorated. Herein lies the answer to the numerous requests to increase investment in production. Here lies an important source for solving many social problems.

The responsibility for the unsatisfactory situation in designing falls not only on the designers but also on the ministries and departments. They are the ones that give the go-ahead to outdated designs. According to the USSR Construction Bank (Stroibank), 25 per cent of the projects which are carried over into the 12th five-year plan period and which are regarded by respective ministries as corresponding to the modern level of scientific and technological progress, were designed 10 to 20 years ago. This is a very alarming fact. It is quite understandable that such an approach cannot produce designs which measure up to modern demands. A situation of this kind is to be observed in many ministries. For

example, the USSR Ministry of Non-Ferrous Metals has confirmed the high technical level of 69 projects that were approved between 1965 and 1975, while the Ministry of the Motor Vehicle Industry has confirmed 20. These construction projects would go into operation 20 or more years after they were designed. Need I make any comments?

The USSR State Committee for Construction (Gosstroi) is obliged to do much to improve the state of affairs in designing. While not taking over the duties of ministries and design organisations it should pursue a uniform scientific and technical policy in construction, draw up a system of assessments of the standards and technical level of designs, and widely practise design competitions.

Finally, a top-priority task is to reorganise construction management. This is perhaps the most neglected industry with regard to improving management and economic operation methods. Yet this question is more acute here than in any other sphere. Fragmentation and multi-level management must be eliminated and an optimal combination of centralisation with broader powers and greater responsibility of constituent republics and local bodies must be found.

Thus, capital construction must be improved at all levels. We must declare most definitely that the feasibility of our plans and the country's economic development rates depend largely on this.

3. Structural Policy and the Growth of Economic Complexes

At all stages in the development of the national economy our Party has attached exceptional importance to the structural policy, to the choice of priorities, to the drawing up of inter-sectoral and inner-sectoral proportions.

The draft Guidelines thoroughly define the most important assignments for improving the structure of the national economy and developing its sectors, and set forth the targets they have to reach. Allow me to dwell only on the most fundamental aspects of structural policy in the 12th five-year plan period.

First of all, it calls for priority growth of the end

product—machines, equipment, consumer goods, completed construction projects—as compared with the intermediate product—fuel, raw materials and semi-manufactures. In 1986-1990, the increase in the end product per rouble of the increase in the value of raw and other materials will be 40 per cent greater than in the previous five-year period. The end product growth rate in the manufacturing industries will be 100 per cent higher than in the fuel and raw materials industries. This shift is based to a significant degree on the resource-saving policy.

Another feature is accelerated development of the industries—electric power, chemical, petrochemical and, of course, engineering—which will bring the national economy to the forefront of world science and technology. Their share in industry will amount to 41 per cent in 1990.

Finally, a very important feature is that all industries without exception have been oriented to a greater degree than before on the manufacture of consumer goods and development of the service sphere. It is planned to give more priority to the growth of the B group industry than the A group.

The most substantial structural changes are connected with greater priority for engineering. While the Guidelines were being drafted the Central Committee of the Party warned against underestimating the leading role of engineering and pointed to the need to overcome the previous trend towards bringing its growth rate close to that of industry as a whole. The growth rate of this sector under the 12th five-year plan is 90 per cent higher than in industry as a whole. This is a very substantial coefficient and it will strengthen the priority position of engineering in the national economy.

The cardinal task of the machine-builders is to change the structure of production and to raise the qualitative specifications of machinery and equipment. By 1990 the annual renewal of engineering products is to be brought up to 13 per cent, as compared to 4.5 per cent in 1985. Against the background of the priority growth of engineering, this will provide a genuine foundation for retooling our country's production facilities on a modern basis.

Special attention is being paid to modernising the engineering industry. Its technical level depends primarily on the levels reached in machine-tool-building, instrument-making, electronics and electrical engineering, which are therefore to

grow much faster than the engineering industry as a whole. At the same time, each machine-building ministry must develop its own machine-tool production geared to its industry's specific needs.

The tasks confronting machine-building have called for improved management of this complicated sector. An Engineering Bureau under the USSR Council of Ministers has been set up and is putting its work in top gear.

Significant changes are planned in the structural materials complex. The main thing here is to increase the share of progressive, economical types of materials. Thanks to this, the national economy's growing demand for structural materials will be met by significantly lower output growth rates. That will be an important contribution by the complex to saving the country's resources.

For example, large-scale retooling in the iron and steel industry will improve the structure and quality of metal products. As a result, with a mere 9 per cent increase in the output of finished rolled products industrial output as a whole will rise 21 to 24 per cent and engineering and metal working will register a 40 to 45 per cent gain during the five year period. Simultaneously, we must ensure a more rational use of metals, first and foremost, in engineering and construction.

In the non-ferrous metals industry the main stress is put on the comprehensive use of resources and on increasing the output of new types of goods. The replacement of metals and other traditional materials by chemical materials will be speeded up. Manufacture of the latest types of plastics is to increase nearly six-fold. Priority is also given to expanding the output of up-to-date timber products.

An equally important aspect of the development of this complex will be a better ratio between raw materials extraction and finished products. Thus, the output of ferrous metal rolled stock is to increase with hardly any growth in ore extraction or in pig iron and coke manufacture. The output of wood products per cubic metre of timber shipped out is to increase 16 per cent. All the above will be achieved by raising the technological level of these industries.

Reliable development of the entire national economy requires further improvement of the fuel and energy complex. Major shifts in the structure of the fuel-and-energy balance

are to be carried out in conformity with the USSR Energy Programme. By the end of the five-year period nuclear power stations will nearly double their share of power production and will account for more than 20 per cent of the total amount generated.

In the course of the 11th five-year plan period the USSR Ministry of the Power Industry fell short of its targets in starting up nuclear power plants, which created an additional demand for fossil fuels. Taking into account our country's strained fuel balance and the growing role of nuclear power generation, setbacks of this kind are impermissible in future.

The share of natural gas in the fuel and energy resources is to increase to 38 per cent. The gas industry is coping with its assignments not badly, but there are no grounds for complacency. After the Urengoi deposit reaches its designed capacity the increase in natural gas extraction will come chiefly from the Yamburg deposit. The main thing now is to speed up its development. A great amount of work has to be done to provide for the future.

The state of affairs in oil extraction, especially in Western Siberia, requires substantial improvement. By the end of the five-year period it should account for two-thirds of the Soviet Union's total oil output. Failures in the work of this industry created difficulties for the economy. The Ministry of the Oil Industry, the Tyumen Chief Oil and Gas Administration and its enterprises turned out to be unprepared for operation when the output of wells at major deposits began to fall. The existing lag must be overcome in the shortest possible time. The Party and the Government have given the oilmen considerable assistance. Success now depends on the Ministry's organisational work, on its resolve to unfailingly carry out the assignments set forth in the Guidelines and mobilise the work collectives for achieving this. The local Party and economic bodies must play a big part in ensuring extraction of the planned volumes of oil.

In the coal industry, open-cast mining, especially in the Eastern regions, is getting special attention. Retooling and modernisation of the collieries in the old coal mining areas, in the first place, in the Donetsk and Kuznetsk basins, should also be continued.

Dynamic development of the economy requires large-scale geological prospecting, especially for oil, natural gas, and

ores, and higher efficiency and quality in preparing th explored mineral reserves for extraction.

A most important aspect of structural reorganisation greater emphasis on the fuller satisfaction of the Sovi people's varied and ever-growing requirements. This is bein achieved through accelerated development of the foo processing and nonfood industries.

In the 12th five-year plan period, closer and bette coordinated interaction among the branches within the agr industrial complex will be achieved; this will ensure high e results of its work. Agriculture will develop considerably a its material and technical base will be consolidated. All typ of farm output will grow thanks to the better provision collective farms and state farms with new machinery, miner fertilizers, chemical weed- and pest-killers, through increasi the area of improved land and making effective use of the resources. It is planned to bring the output of grain to 25 255 million tons and that of meat to 21 million tons. Such good showing can only be made by using intensive tec nologies, increasing grain yields and livestock productivit and by applying new methods of economic manageme within the agro-industrial complex. The coming five years w be highlighted by priority development of the processi industries and transportation, and better storage facilit for farm produce. All this will reduce unwarranted outla and losses, enlarge the food resources and improve th quality.

The consumer goods output targets have been set accor ing to the Comprehensive Programme for Developi Consumer Goods Production and Services, which opens broad vistas for their growth and improvement. The task is bring the light and local industries, the services and trade the frontlines of technological progress, and accelerate th development rates. It is planned to increase the manufactu of nonfood goods by 30 per cent over the next five years, th is, to ensure a greater growth rate here than in industr production as a whole. The range of goods will be co siderably broadened and their quality improved.

The comprehensive and well-coordinated development infrastructure—transport, the communication and infor ation system, material and technical supplies, warehousi and roads— is of increasing importance to our economy.

Transport workers face the responsible task of handling ever growing freight and passenger traffic, especially between the European and Eastern parts of the country. Its successful accomplishment calls for coordinated operation of all kinds of transport, development of new types of transport, and further consolidation of its material and technical base. To link all collective farm and state farm centres with the district administrative centres by motor roads in the 12th five-year plan period is a task of tremendous industrial and social importance.

The approach to the development of all constituent republics and major regions is formulated in the national interest of the rational territorial division of social labour within the national economic complex. The targets in the draft Guidelines have been set in such a way as to further the economic and cultural development of all republics and ensure a better location of the productive forces. Each republic should make a weighty contribution to building up the country's economic potential.

One of the most important territorial problems is to provide a closer linkage between industrial siting and the available manpower and material resources. As is known, the resources of various kinds are unevenly distributed over our country's territory. The larger part of the production assets is concentrated in the European regions of the USSR, while fuel and raw materials production is being predominantly developed in Siberia. At the same time, the highest rate of growth of manpower resources is registered in Central Asia and the Transcaucasian area. The draft Guidelines provide for the siting of energy-intensive industries close to fuel and energy producers and for increasing the number of work places in regions having the requisite manpower resources. They pay special attention to the comprehensive economic development of Siberia and the Soviet Far East, to the exploitation of their natural riches and the provision of transport links with them.

Intensification and scientific and technological progress are thus the keynotes of the structural policy in the 12th five-year plan period. This policy provides a solid foundation for strengthening the national economy's material and technical base.

4. Improvement of the System of Administration and Management Methods

Comrades, the success of our plans and objectives is indissolubly linked with the improvement of administration and methods of economic management. We will not be able to place production on the path of all-round intensification using the previous methods and old organisational forms. without changing them radically to suit the new conditions and present-day requirements for economic growth. What we want here are not partial improvements but, as Mikhail Gorbachev said in the Political Report, a radical reform.

To speak plainly, the insistent need for improving the system of administration was in many ways underestimated until recently. The job was being done slowly and half-heartedly. The bias for old, mainly administrative method kept taking the upper hand and acted as a brake on economic development. Intellectual stagnation inevitably bred stagnation in deeds.

The Party has drawn the proper conclusions and has set a clear objective: to carry out large-scale measures improving the entire system of administration so as to substantially heighten its efficiency, focus it on a cardinal acceleration of scientific and technological progress, on an all-out mobilisation of the human factor. This objective has been thoroughly and profoundly substantiated in the Political Report of the Central Committee to the 27th Congress of the CPSU, which defined the cardinal line of our actions. Relying on the immutable principle of democratic centralism, we must follow this line, and continue consolidating and improving the centralised plan-governed guidance of the economy—socialism's great gain and essential advantage. In this matter, too, it is apparent that we have "not lived up to" and will never live up to the hopes of bourgeois ideologists that we will depart from that fundamental principle. At the same time, the Party will resolutely work for giving associations and enterprises more leeway, for heightening their responsibility for the end results and for developing cost accounting in depth. The vast scale of the economy and the diversification of inter-sectoral and regional ties also demand an optimum combination of sec

toral and territorial administration and an improvement of the organisational structures.

In recent years important steps have been taken in this respect. A broader than ever search for and testing of more effective forms of administration, coupled with the introduction of innovations that have proved their worth, has become a typical feature of our economic life. We began by extending the rights and responsibilities of enterprises and associations—the level at which material values are produced and all management threads are intertwined. Here, the shortcomings of the economic mechanism were especially noticeable. The absence of a close linkage between the interests of work collectives and the end results of their work held down their initiative and enterprise and did not stimulate them to use the latent reserves of production. To avoid the mistakes made in the past, new methods are elaborated with an eye to the specificity of the particular economic branches. All this enables us to determine the merits and demerits of the new methods more conclusively, to perfect these methods, and extend the sphere of their use phase by phase.

During the 12th five-year plan period we will have to persevere in developing an integrated system of administration, to consistently adjust the elements of the economic mechanism and look for more effective forms and methods of planning, stimulating and organising production.

One of the most important tasks in these five years is to introduce new methods of management in all branches of the economy. To date enterprises accounting for half the industrial output, the entire communications system, the services industry, and some transportation enterprises, are operating along the new lines. From 1987, all industrial and transportation enterprises will operate on these principles. Simultaneously, within the shortest possible time, we must also complete the reorganisation of the management of the agro-industrial complex, create the prerequisites for substantially promoting economic methods, and for a broad introduction of truly cost-accounting relations on collective and state farms, at enterprises and associations.

As noted earlier, the management of the building industry calls for most urgent improvements. Here we must begin an experimental verification of the new planning methods and of elements of the economic mechanism already this year, so as

to subsequently spread them to the entire industry. The whole range of issues related to the organisation of management in capital construction calls for thorough study in the light of the tasks facing the country.

To promote cost accounting is especially important if we want to further improve the economic mechanism and comprehensively elaborate all its elements. A close and rigid dependence should be established between the end results achieved by the enterprises and associations and the funds they allocate for the development of production, remuneration of labour, material incentives for the personnel, for the satisfaction of their social needs. The idea is that these funds should increasingly determine all aspects of the life of enterprises: production as well as social.

For this purpose, we are setting the following tasks: first, to make the fund for production development the basic source of technical retooling and modernisation; second, to pursue the line for improving housing and other social and living conditions increasingly out of funds earned by the work collectives; third, to tie more closely the earnings of every worker to his or her personal contribution to the end results; fourth, to completely stop up all channels that make it possible to pay for the mismanagement of some with the good results of others; fifth, to secure a further expansion of the sphere of contractual relationships and establish strict responsibility of enterprises for meeting their commitments to consumers. And, lastly, a most important thing: to stop petty supervision and interference of superior bodies in the lawful rights of work collectives, to enable the latter to find the optimum ways of fulfilling their plans. This is what full-scale cost accounting amounts to in practice. Precisely these economic conditions will inescapably require that enterprises and associations make the maximum use of the production potential, of the achievements of science and technology, that they economise on resources to the utmost, and that they react flexibly and promptly to the consumers' needs.

We must work consistently to improve cost accounting and transfer enterprises to self-financing and self-sufficiency. These principles are now being comprehensively verified at the Volzhsky car works and the Sumy research and production association. The results obtained there are good. We must follow this path energetically.

Developing the system of economic norms is especially important in improving the new methods of management. The norms must be set for the entire five-year period and give work collectives confidence that efficient work is sure to be rewarded materially and morally. Poor results, on the other hand, will affect the entire collective. The most dangerous thing here is to violate the principle of the stability of norms. Unfortunately, this does happen. Such practices undermine the cost accounting foundations and must, therefore, be most firmly combatted.

It should be stressed that economic norms are a promising instrument of plan-governed management. They flexibly combine centralisation in economic management with the use of commodity-money relations and the law of value. It is important that central economic bodies, ministries and enterprises should learn to use them to the full extent. The sphere in which they are applied will have to be expanded in view of accumulated experience, the relationships between the state enterprises and the budget will have to be put on a normative basis.

The policy of extending the rights of enterprises that has been built into the new economic mechanism will not yield the desired effect unless its principles are applied at all levels of production, right down to the team and work place. This calls for an organic linkage of cost accounting at associations and enterprises with the development of the contractual form of organising and remunerating labour. That will offer greater scope to the creativity and initiative of the masses, the collectivist principles of production will be promoted, and people's involvement in the common cause will be brought home to them more clearly, thereby implementing Lenin's behest that every worker should feel "that he is not only the master of his own factory but that he is also a representative of the country", that he feels his responsibility.

The Report of the CPSU Central Committee treats in a new, principled way the development of democratic methods in management, the question of increasing the working people's immediate participation in the affairs of enterprises, a fuller and more effective application of the USSR Law on Work Collectives. We cannot expect the economic mechanism to function effectively without the active and creative participation of work collectives in drafting and implementing

economic and social development plans, and resolving all issues related to the life of enterprises. That is why it is essential to find new collectivist forms for the working people's participation in management alongside the existing ones. As is pointed out in the Report, councils of work collectives could be one such effective form. Party, trade union, Komsomol and other public organisations must have their say in promoting the democratic principles of management.

In the recent past, underestimation of the role of organisational structures in raising economic efficiency was a major shortcoming interfering with the work of improving management. In recent years the establishment of production associations was unjustifiably retarded, and they have failed to become the main form of organisation in a large number of industries. The process has to be given fresh impulse. We must also be bolder in forming large-scale inter-sectoral associations, which provide for effective specialisation and cooperation free from departmental partitions.

A new approach is needed to the role and functions of ministries. The content and style of their work, like their organisational structures, were shaped to serve the old, mainly administrative, methods of management. Considering the introduction of economic methods of management and the extension of the rights of enterprises and associations, ministries will have to be substantially restructured. In the interests of production, part of their former functions will have to be turned over to the work collectives, needless everyday routine abandoned, greater confidence placed in enterprises.

In the present conditions, ministries should concentrate mainly on charting the strategy of scientific and technological progress in the industry concerned and its development prospects, raising the general standard of economic work, and, in the final analysis, fully meeting society's needs for products. To these ends we must also radically improve the organisational system of sectoral administration, and, as a rule, adopt a bi-level scheme. Elaboration of such schemes in ministries of the engineering complex has already been completed, and it should be speeded up in all the other branches.

Ministries are faced with no easy tasks. And success depends in many ways on how organically they are integrated in the new system of management, and on how quickly they

adapt themselves psychologically to the needs of the times.

The responsibility borne by our central economic bodies for making the economic mechanism more effective is exceedingly high. They are, indeed, the executors of the fundamental principles of Party policy.

It is no secret, however, that all too often in their practical activity, in screeds of written instructions and recommendations of methods, the substance of the issues is distorted, giving way to departmentalism and undermining vital undertakings. This evokes legitimate dissatisfaction locally. Such practices must be rooted out once and for all, and the letter and spirit of the Party decisions must be strictly observed.

The success of the ongoing restructuring of the economic mechanism largely depends on the USSR State Planning Committee. It must bring its activity in line with the new demands, emphasise the comprehensive approach to the key tasks, and bear full responsibility for a balanced and effective growth of the economy. It is also essential to rebuild the structure of the USSR State Planning Committee in this spirit, so as to concentrate its activity on promising economic problems, above all on shaping the national economic, intersectoral and regional proportions.

Responsible tasks are also facing the USSR State Supplies Committee. It will have to restructure its work in order to measure up to the needs of the new economic mechanism, and introduce effective forms of supply and marketing, including wholesale trade.

We expect bold and resolute action from the USSR Ministry of Finance. In recent years, the role of finances has weakened in economic affairs, and so has the work to make the economy more efficient. More, in a number of cases the finance and credit mechanism is holding back progressive changes. Substantial modifications are needed here to concentrate it on securing the expenditure-free tendency of developing production.

The work of the USSR State Bank and the USSR Construction Bank (Stroibank), too, should be revised to meet the new demands. At present, credits are highly ineffective. The conditions that would prompt enterprises and organisations, collective and state farms to use credits rationally, increase profitability, and settle accounts with the state in time and completely, have not yet been created. The banks

must stand guard over the interests of the state and at the same time promote the initiative and economic enterprise of work collectives in every possible way.

The intensification of the economy heightens the role of prices as dependable gauges of the effectiveness of expenditures and of the results of economic activity, as effective stimuli of scientific and technological progress and of raising the quality of products. And the State Committee for Prices has a big part to play here. It must resolve the problems that have piled up in this field more quickly and more competently. The work concerning retail prices, too, must conform to the objectives of our social policy.

Of late, as we know, new managing bodies have been established for large economic complexes, such as the USSR State Agro-Industrial Committee and the Engineering Bureau. Their structure and functions are different, reflecting the specificity of either complex. As experience accumulates, it is expedient to further improve the guidance of groups of interconnected and related branches.

More attention will have to be devoted to a flexible combination of sectoral and territorial control. In so doing, we should not hesitate to give local Soviets more rights in economic planning and management, especially in such industries and spheres which concern the daily needs of the working people.

The improvements in management and the economic mechanism, coupled with the greater scientific weight of decision-making, are setting new and high demands on economists. They have a big debt to pay to the country. We expect them to produce effective theoretical studies and concrete practical recommendations.

In short, comrades, hard work lies in store for us in the 12th five-year plan period: we must restructure all the links of the economic mechanism. As we do this, we must see to it that the existing structures and forms of management organically develop into qualitatively new ones measuring up to the present-day tasks. This process should ensure a steady growth of production and its higher efficiency. This is an important matter and must be in the focus of attention and under the constant control of the central economic bodies, ministries and Party organisations. And it must be dealt with every day, perseveringly, preventing formalism and snags, and not re-

treating in the face of arising difficulties, as was sometimes the case in the past.

Of all the dangers along this road, the biggest one is red tape. Creating the appearance of work, taking cover behind hollow rhetoric, bureaucracy may hold back the improvement of the economic mechanism, dampen independence and initiative, and erect barriers to what is new.

An urgent problem on which depends the success of the restructuring of the system of control and the methods of management is the professional training of our personnel. Here, economic education is an indispensable and essential element in training people of all professions.

We must work out an effective system for the economic education of workers and engineers, so that all of them can competently and knowledgeably evaluate the economic aspect of technical solutions. We should therefore seriously revise the character and content of all forms of education, including the higher schools of economics and economic faculties. Leading economists, both researchers and practicians, must be called in to do so. Lastly, a well-considered system embracing all levels of management is needed for retraining specialists in economics.

Especially high demands are set by modern-day economics on captains of production. It is necessary to cultivate up-to-date economic thinking among our managers—a high degree of professionalism, socialist initiative, the ability to see far ahead, to be educators and organisers within the work collective. The indispensable features of the present-day manager are his Party maturity and adherence to principle, undeviating implementation of the Party line, and impeccable moral qualities. They are essential if our constructive plans are to be carried into effect.

The tasks involved in improving the entire system of management are highly important not only economically, but also politically. That is why their implementation must be constantly controlled and guided by the Party organisations. Profound and concrete analysis of social and economic processes, perseverance in carrying out the Party's economic policy, the proper placing and education of economic executives, and readiness to support what is new and progressive—these are the areas where the Party's guidance of the economy must be concentrated and strengthened above all.

5. Foreign Economic Ties

Comrades, the Party's policy of accelerating the country's social and economic development sets high demands on our foreign economic activity. We hold that in the modern world, active development of economic, scientific and technical ties and participation in the international division of labour are vitally necessary. We consider this an important means of maintaining and strengthening peaceful, good-neighbourly relations among states, and of rendering mutual assistance in resolving national economic problems.

An entirely new situation can be created for international economic cooperation and its intensive growth in the interests of all countries if the Soviet programme of phased elimination of nuclear weapons by the year 2000 and the other peaceful proposals contained in the Political Report of the CPSU Central Committee are carried into effect. Disarmament would avert the threat of mankind's destruction and release tremendous material and intellectual resources for economic development. Faithful to the Leninist peace policy, the Soviet Union is sparing no effort to improve the international situation, and to maintain and strengthen relations of equitable cooperation with all countries irrespective of their social system. Our Party and the Soviet state will not be forced off this course by either threats from the imperialist forces or attempts to divert the Geneva talks from the main goal.

Accordingly, the draft Guidelines envisage a considerable expansion of foreign economic ties. They will be concentrated on the priorities, orientated on scientific and technological progress, and used to a greater extent for attaining social goals.

Cooperation with the fraternal socialist countries will be, as it has always been, the determining element. In the immediate future, pursuant to the decisions of the CMEA Economic Summit, a big step forward is to be made in building up socialist integration and developing it in depth on the basis of broad cooperation and specialisation of production. This is opening up new prospects for the further comprehensive expansion of economic ties between fraternal countries, speeding up the accomplishment of

our common task of intensification and increasing our economic and technical invulnerability in the face of imperialist actions.

Consistent implementation of the Comprehensive Programme for the Scientific and Technological Progress of the CMEA Member-Countries up to the Year 2000 will be the core of all this work. The emphasis in integration activities is now shifting to joint utilization of the latest scientific and technical achievements, and to the development of extensive cooperation in all branches of the national economy, primarily in the manufacture of the modern types of machines and equipment. It is with this in view that our central planning and economic agencies, as well as ministries and departments must organise their foreign economic activity. Certainly, much will also depend on the improvement of the work of the Council for Mutual Economic Assistance, that collective organisation of the socialist countries.

The recently completed coordination of the national economic plans of the CMEA countries for 1986-1990 shows that a good amount of work will be accomplished already in the current five-year period. The in-depth development of integration processes calls for a creative, innovative approach. The old, habitual forms that took shape at the time of extensive development cannot secure any dynamic growth of cooperation. It is necessary therefore to find new approaches, decisively to switch over to direct interaction between enterprises and branches of the economy, develop direct economic ties, and set up joint associations, design bureaus and laboratories. A start has been made, and a number of joint research and production associations have been formed. These are only the beginnings of new forms of integration. But they are the future.

The Guidelines envisage a further consolidation of economic ties also with other socialist countries. Trade with the People's Republic of China is to increase considerably.

The Soviet Union will continue to develop cooperation with Asian, African and Latin American countries. Our wide-ranging assistance contributes to the formation and development of their national economies, helping them to overcome the colonial aftermath, and to move ahead along the road of economic and social progress. The USSR has stable, long-

term relations with many of them, as with India, for example, and some other countries. And these ties are becoming increasingly beneficial for all concerned. Our policy of supporting developing states, which has become an important factor for restructuring international economic relations on a just and democratic basis, will be continued, especially with regard to the socialist-oriented countries.

Faithful to its policy of peaceful coexistence, the Soviet Union favours cooperation with the developed capitalist states. Here we see considerable potentialities. And that applies to practically all types of relations—commercial, scientific, technical, finance and credits, and so on. As is known, cooperation is a two-way street. Here, mutual interest must be strictly considered, and all restrictions, boycotts and embargoes orchestrated by the USA must be completely renounced. In the modern world, economic relations can only be based on equal rights, trust, and strict observance of mutual agreements. To act contrary to this, subordinating commercial and economic ties to unseemly political aims is tantamount to trying to hold up world progress. Historical experience shows that such attempts hold no promise whatever. With this in view the Political Report of the CPSU Central Committee has set forth a new proposal—to call, in the future, a World Congress on Economic Security to discuss all that encumbers international economic relations.

Foreign trade is making a tangible and ever increasing contribution to the development of our economy. There is now practically no branch that has been left out of the sphere of foreign economic relations. But it is impossible to advance rapidly by traditional routes. The first thing to do is to change the raw materials orientation of our exports, and to increase the share of the manufacturing industry in them. This takes time, of course, but work in this area must get off the ground already in the 12th five-year plan period. The ministries, associations and enterprises have to be orientated towards building up the country's export potential, and to raising the quality and competitiveness of machines and equipment, and other manufactured goods. Foreign currency spending must also be strictly regulated. Our import policy is called upon to actively help accelerate scientific and technological progress.

The foreign economic relations agencies, too, should restructure their work in the spirit of the new demands. There are still major flaws and shortcomings in the work of the Ministry of Foreign Trade and the State Committee for Foreign Economic Relations, which are being eliminated rather slowly. It is essential that these agencies should have closer contacts with the ministries and enterprises, and that they should search for forms of coordinating their interests with the demands of the foreign market and be active participants rather than mere middlemen in carrying out national economic tasks.

V. SOCIAL DEVELOPMENT AND IMPROVEMENT OF THE PEOPLE'S WELL-BEING IN THE 12TH FIVE-YEAR PLAN PERIOD

Comrade Delegates, the growth of the economy and its higher efficiency, as envisaged in the 12th five-year plan, form a reliable basis for a substantial advance in carrying out the programme guidelines of the CPSU—to raise the standard of living of Soviet people to a qualitatively new level and secure a steady improvement of their working and living conditions. The Party links these objectives organically with the harmonious development of the individual and the promotion of the working people's creative initiative. That is the substance of a forceful social policy in conditions of accelerated social progress in the USSR. The essential demand is to implement the principle of social justice, and the socialist distribution of goods and benefits to the fullest.

Accordingly, special attention in the 12th five-year plan is devoted to issues whose solution helps maximally to improve the quality of the life and activity of Soviet people, and to increase the labour contribution of every citizen to the common cause.

The interests of both social and economic development call, above all, for serious changes in the conditions, character and content of labour. Among the various requirements of the members of society, the need for meaningful and creative labour is coming more and more to the fore. In the new five-year period we must secure a breakthrough in carrying out the urgent task of reducing unskilled manual labour. The scale and rate of its reduction must increase by at least 100 to 200 per cent.

The accelerated modernisation of the production apparatus, the mechanisation, automation and electronisation of production, the overall drive for technical retooling, must be directed towards improving the conditions and enriching the content of labour. Systematic certification of work places and scientific organisation of labour are called upon to promote this objective.

We must also bear in mind the other side of the question. The high educational and professional standard of the Soviet worker makes it imperative to create proper conditions in production. The present-day worker will no longer agree to operate obsolete machinery and use old techniques. And managers must reckon with this.

It is a task of tremendous social and economic significance to make the system of remuneration more effective. The elements of equalization that have increased of late, and serious shortcomings in setting work quotas and establishing wages and salaries are undermining the role of these incentives, and are holding down the growth of productivity. We cannot put up with this situation. The earnings of every working person must be strictly adequate to the results of his or her work. The strict relationship between the growth of emoluments and the growth of productivity is an imperative for the modern-day economy, and we will insist on its being observed without fail.

It is in this context that it has been determined how to carry out the major undertaking—raising basic rates and salaries, as envisaged in the Guidelines. We deem it essential to introduce new basic rates and salaries in the various fields of material production within a short term: practically in just five years. They are to be raised by an average of 25 to 30 per cent. And perhaps the most important thing is that we have worked out a fundamentally new, active approach to the question of funds for it. Now, the funds required for this must be earned chiefly by the work collectives through the growth of production, higher production efficiency, mobilization of internal resources, and better organisation of labour and work quotas setting.

This approach makes the introduction of new basic rates and salaries directly dependent on better performance and higher labour productivity at enterprise level. It relies on the experience that many industrial and other enterprises have

gained working in the new economic conditions. This method has been experimentally tested on the Byelorussian Railway where the increase in basic rates and salaries is financed out of internal resources obtained through extensive preparatory economic and organisational work, and better use of machinery.

Considerable funds are earmarked for increasing the wages and salaries of people employed in non-productive fields. Next year, as envisaged by the school reform, the transfer of all those employed in public education to new terms of remuneration will be completed. There will be phased increases in the salaries of doctors and other medical personnel. The basic rates and salaries of some categories of employees at cultural institutions and higher educational establishments will also be raised in the 12th five-year plan period. These measures are a concrete expression of the Party's concern for the further growth of the socio-cultural sphere.

The measures that are to be carried out in the field of earnings will make it possible to raise the average monthly wage and salary to 215-220 roubles by the end of the current five years.

Remuneration for collective-farm work will rise more rapidly. According to the planned increase in labour productivity it will rise on average to 180 roubles a month. Plus the earnings that collective farmers derive from their individual small holdings, their real incomes will, in effect, level up with those of factory and office workers. Along with the greater mechanisation of labour and the priority growth of the rate of construction of dwellings and cultural and community facilities in the rural areas, this will be an important step forward in overcoming the basic distinctions between town and country, a programme objective of the CPSU.

Along with the consolidation of the principle of distribution according to work, we will continue to consistently build up the social consumption funds, which play an exceptional role in the life of Soviet people. They will go up considerably in these five years, and will amount to over 600 roubles per capita in 1990.

In its social policy the Party has always devoted special attention to improving conditions for the upbringing of the rising generation. In the 12th five-year plan period the state's

assistance to families with children will increase still more. The introduction a few years ago of paid leave for working mothers to look after their infants until the age of one has begun to yield a fairly good socio-demographic effect. Considering this factor, and also the wishes of citizens expressed during the discussion of the draft Guidelines, it has been found desirable to extend this leave by another six months. It is also intended to lengthen the prenatal leave and the paid time off to look after sick children, and to introduce free medicines for children up to three years of age.

It is of major socio-economic importance to accomplish the vital task of fully meeting the demand for pre-school childcare centres within the next few years. The objective is quite attainable. Where this issue receives due attention, it is being successfully resolved. The heads of ministries and departments, as well as local bodies, should keep the question of building kindergartens and infant nurseries under constant control.

Large funds will be allocated for improving the pension scheme, increasing society's aid to war and labour veterans, and to the families of fallen soldiers. It is planned to substantially increase the number, and improve the work, of hostels for the aged. Progressive forms of servicing disabled citizens will be used on a broader scale.

The planned increases in wages and salaries and expansion of social consumption funds in the 12th five-year plan period will bring about visible changes in the condition and standard of life of large segments of society. The countrywide wage and salary increases, as well as increases in pensions and allowances, will raise the incomes of more than half the country's population.

This will benefit nearly twice as many people as in the past five years. By the end of the current five years more than 50 per cent of all families will have an average monthly per capita income of more than 125 roubles. There will be practically no families with a monthly per capita income of 50 roubles or less.

In the 12th five-year plan period, special emphasis is on the steady consolidation of the material and technical basis of the socio-cultural sphere. The school reform envisages a 40 per cent increase in classroom capacities, and better conditions for the training and educational process. It is also

planned to reorganise specialised secondary and higher education. The reorganisation must be aimed at an all-round improvement in the quality of specialist training, closer ties between higher educational establishments and production, and their more active participation in the development of science and technology. All this, too, calls for a further consolidation of the material base of higher education.

Much has to be done to effectively improve the work of health institutions, enhance their preventive orientation, and gradually go over to periodic medical checkups of the entire population. The building of outpatient clinics and the output of medical instruments and accessories are to be increased about 50 per cent. The planned environmental protection measures, too, will be important for the health of people.

Large-scale construction of cultural and sports facilities is planned. In these five years, for example, it is planned to build more than 500 district houses of culture and more than 5,500 village clubs. As a result, there will be a house of culture in every district centre.

In short, we are planning to make an important step towards attaining the Party's objective of raising the socio-cultural sphere to a qualitatively new level within the 12th five-year plan period.

If we want to accomplish this, we must renounce the view that prevails among certain executives, including those in planning bodies, that building socio-cultural institutions is a matter of minor importance. It will be admitted that the 1986 allocations for the development of some of the sectors of the socio-cultural sphere are below the average annual sum for the five years. This must be set right when finalising the five-year plan.

And, of course, the funds earmarked for these purposes have to be fully and effectively used everywhere. It is not easy to obtain these funds. And we must use them carefully. Byelorussia, Lithuania, and many regions of the Russian Federation have managed matters so well that the plans for commissioning public education and health institutions are not merely being fulfilled, but also overfulfilled. At the same time some of the republics and cities systematically fail to meet their plans of socio-cultural construction year after year. Here are two concrete examples. In Ashkhabad, the second

wing of a clinical hospital has been going up for all of nine years. Its completion is now scheduled for 1989, and this despite the fixed time limits of three and a half years. A new wing of the Krasnoyarsk territorial hospital is going up at an intolerably slow rate. This is most outrageous, because the project is being financed partly from the earnings of All-Union Communist Subbotniks. Similar facts are known in the Georgian and Uzbek republics, Khabarovsk Territory, and Perm and other regions.

The housing problem is an object of the Party's constant concern. The results achieved here are considerable. Today, more than 80 per cent of the families living in urban areas have separate flats. People in the villages are also much better off as regards modern housing. But, all the same, housing is still an acute social problem. In the coming five years, it is planned to erect new housing with a total of 565-570 million square metres of living space. Considerable resources will be allocated for improving towns and villages, expanding utilities, services, amenities, and public transport facilities.

The acute housing problem calls for all-out mobilisation of energy and resources. Most local bodies, as well as ministries and departments, are doing just that. But there are examples of another kind. In the Armenian Republic, for instance, there is an annual shortfall in house-building, although the need for housing is great, and in some cities, moreover, water supplies are inadequate. At the same time, the impermissible practice of building contractors being diverted to non-plan projects continues in the republic. In 1985, Armenia's Ministry of Industrial Construction was busy with 12 projects that were not in the plan, including some that were of no special importance. Regrettably, such practices take place also in other regions. They must be nipped in the bud.

In the Party's social policy, priority importance is attached to the fullest possible satisfaction of the growing effective demand of the people. It is no exaggeration to say that today this is one of the most topical issues. Directly connected with this is the strengthening of material incentives of labour, rational use of free time, the moods of Soviet people, and the elimination of negative phenomena engendered by shortages.

First in line is the objective of improving food supplies, especially supplies of meat and dairy products, vegetables, and fruit. This is the aim of the Food Programme of the

USSR. The attainment of the production targets which it sets for 1990 will make it possible to bring about far-reaching changes in the structure and quality of the nation's diet—the biggest changes in the past few five-year periods.

Progressive changes must also be achieved in the consumption of manufactured goods. The supply of these goods has gone up visibly in recent years, with many items having already saturated the market. Now, a more involved problem that of quality and assortment, is moving into the fore The Comprehensive Programme for the Development o Consumer Goods Production and Services indicates the way of restructuring commodity output. An active role in resolving the problem is assigned to trade. The USSR Ministry o Trade and the Central Union of Cooperative Societies are too slow in eliminating shortcomings and, all too often, take an unprincipled and passive posture towards enterprises that put out low-quality goods, manoeuvre too slowly with commodity stocks, and fail to study the consumer demand with due care. The standard of trade and services is still impermissibly low. While dealing with questions related to the expansion of the assortment and output of fashionable goods, we must not, of course, unjustifiably reduce the production o inexpensive but quality commodities, above all for children and people of advanced age.

It is only right to stress that the task of satisfying effective demand is of special significance at this time, when the Party has mounted a relentless offensive against hard drinking and alcoholism. The policy of sharply reducing output and sales of liquor will be firmly pursued in the future as well. This will help to change the structure of consumption for the better, and will be reflected in the five-year and annual plans.

On the whole, it is envisaged to increase retail trade by nearly one-third in these five years (excluding sales of liquor).

Paid services are to be developed along new lines, on a large scale, and energetically. Throughout the past few years paid services accounted for a mere 10 per cent of the population's overall expenditure. Being far below the needs of people, this deforms the structure of demand, shifting it to commodities. An up-to-date highly developed sphere of services encompassing everyday life, recreation, tourism, and people's leisure—in effect, a new branch of the economy—i

to be built within a short period of time. A breakthrough in this important sphere is to be achieved already in the 12th five-year plan period. The volume of paid services is to go up by 30 to 40 per cent.

The main aspect in improving services is the substantial expansion of the network of specialised enterprises and organisations. But this will take both time and resources. To get things off the ground rapidly it has been decided to enlist enterprises of all the economic branches, regardless of their type of activity, for providing services to the public. But this work is not developing successfully everywhere so far. And it is incumbent on the local bodies, the Soviets of People's Deputies, to take a most active part in it.

Such, comrades, are the main tasks involved in promoting the well-being, improving the working and living conditions as well as the lifestyle of Soviet people in the 12th five-year plan period. Once fulfilled, they will doubtlessly consolidate the socialist way of life still more, organically combining the improvement of the material well-being with the progress of culture and the all-out development of the creative activity of the population.

Concerned with improving all aspects of the life of the people, the Party is raising to a new level the importance of everlasting moral values and ideals which will exercise an increasing influence on the development of the Soviet citizen as a builder of communism.

Comrade Delegates,

Each passing day of the 27th Congress shows ever more graphically and impressively the grandeur of what is projected by the Party, the grandeur of the tasks set in the Central Committee's Political Report and the other documents of the Congress. The ideas and decisions of the Congress are models of the creative use of Marxism-Leninism in this special period, which is for us a time of profound change and vigorous action. And I can say with complete certainty that their transformative and constructive force will continuously increase, exercising a revolutionising effect on all aspects of the life of our society.

The question now is to carry out our plans with all the resolve, energy, and perseverance, to mount a battle for the practical fulfilment of our set tasks by relying on the constructive creativity of the masses, on the nationwide socialist

emulation movement. They are noble tasks, consonant with the vital interests of our people, with their ideals and peaceful aspirations.

To fulfil them is to ensure a further strengthening of the power and prosperity of our Homeland.

To fulfil them is to make the life of the Soviet people, of every Soviet family, better than it was.

To fulfil them is to consolidate the positions of socialism and world peace, and to protect our planet from nuclear catastrophe, to safeguard peace.

It is quite safe to say that the working people of our country, rallied closely round their Leninist Party, will, with a high sense of responsibility and aware of the demands of the time, do everything they can for the successful fulfilment of the historic decisions of the 27th Congress of the CPSU.

(Nikolai Ryzhkov's report was heard with great attention and repeatedly punctuated with long applause)

RESOLUTION OF THE 27TH CONGRESS OF THE CPSU

On the Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000

Having heard and discussed the report of the Chairman of the USSR Council of Ministers, Comrade Nikolai Ryzhkov, on the Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000, the 27th Congress of the Communist Party of the Soviet Union notes that the draft Guidelines are in accord with the provisions of the new edition of the Programme of the CPSU, the Party's general course of accelerating the socio economic development of the country, and the tasks of intensification of the national economy on the basis of scientific and technological progress, of ensuring a steady improvement in the people's well being and of maintaining the country's defence capability at the proper level.

The 27th Congress of the Communist Party of the Soviet Union **resolves:**

1. To approve the Guidelines for the Economic and Social Development of the USSR for 1986 1990 and for the Period Ending in 2000.

2. For the Council of Ministers of the USSR to draft, in accordance with the Guidelines, the State Plan for the Economic and Social Development of the USSR for 1986 1990, with assignments specified for each year of the five year period,

for the ministries and departments of the USSR, for the Union Republics and for the major economic areas, and to submit it to the Supreme Soviet of the USSR for consideration in May 1986.

To provide, in the five year plan, for carrying out the assignments and measures established in the Guidelines to raise the economic growth rates and efficiency and to further improve the Soviet people's living standards. In drawing up the five year plan, to consider the proposals made at the 27th Congress of the CPSU, during the election campaign in the Party and during the countrywide discussion of the draft new edition of the Programme of the CPSU and the draft Guidelines.

3. The 27th Congress of the CPSU believes that competent finalisation of the new five year plan and organisation of its efficient implementation is a major economic and political task of all Party, government, trade union, YCL, and economic organisations.

It is imperative to ensure, in the 12th five year plan period, a radical improvement in the work, to mobilise our resources and possibilities more fully, and to set into motion all the potentialities for the definite fulfilment of the charted plans. Giving broad rein to the creative initiative of the masses and strengthening discipline and order, to step up the rates of advance along all the directions of socio economic development.

The Congress expresses the firm conviction that, under the Communist Party's leadership, the Soviet people will score fresh successes in building communism and in consolidating the might of our socialist Motherland.